

March 19, 2001

Wisconsin Office of The Commissioner of Insurance
Office of the Commissioner of Insurance
121 East Wilson Street
P.O. Box 7873
Madison, WI 53707-7873

RE: Form of Registration Rights Agreement Between Cobalt Corporation, Wisconsin
United for Health Foundation and Wisconsin BC Holdings LLC
("Registration Rights Agreement")

Ladies and Gentlemen:

This will follow-up our meeting of last Friday regarding issues raised by Fred Nepple of your office concerning interpretations of certain provisions of the Registration Rights Agreement.

As background, Michael Best & Friedrich LLP is counsel to United Wisconsin Services, Inc. ("UWS") and has represented UWS in connection with the negotiation of the Registration Rights Agreement.

Capitalized terms not defined herein shall have the meanings contained in the Registration Rights Agreement. Based on our review of the draft Registration Rights Agreement in the form attached to this letter, it is our opinion that:

1. The provisions of Section 3(d) of the Registration Rights Agreement permitting the "cut back" of Registerable Securities to be included in the Registration Statement shall be effective only after such time as the Holders Beneficially Own less than fifty percent (50%) of the issued and outstanding shares of Common Stock in the aggregate;
2. The Piggy-Back Rights in Section 3 of the Registration Rights Agreement apply to Registration Statements filed by the Company covering Common Stock both sold by the Company for its own account or for the account of Blue Cross & Blue Shield United of Wisconsin;

3. Under current interpretations of Rule 144 under the Securities Act of 1933, as amended, the provisions of Rule 144 will not be available to sales of Common Stock by Blue Cross & Blue Shield United of Wisconsin.¹ Accordingly, we would not recommend to Blue Cross & Blue Shield United of Wisconsin that it sell any shares of Cobalt Corporation other than pursuant to a valid private placement, or by registered public offering made by Cobalt Corporation; and
4. The payment by the Holders of Underwriting discounts and commissions and transfer taxes referred to in Section 9(i) of the Registration Rights Agreement relate only to discounts, commissions or transfer taxes on Common Stock sold or disposed of by the Holders.

If you have any questions regarding the foregoing, please feel free to contact the undersigned.

Sincerely,

MICHAEL BEST & FRIEDRICH LLP

Geoffrey R. Morgan

GRM:blh

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¹ Division of Corporation Finance's Interpretations of Rule 144, Securities Act Release No. 5306, Fed Sec. L. Rep (CCH) ¶ 79,000 at 82,115; Securities Act Release No. 6099 at Question 83.